

the shipment is made. The bill of lading will show the name and address of the agency to which the wine is shipped, identifying marks on containers or cases, and alcohol content of the wine. The governmental order, or a copy of the order, will be filed at the bonded wine premises available for inspection by ATF officers. (Sec. 201, Pub. L. 85-859, 72 Stat. 1380, as amended, 1381, as amended (26 U.S.C. 5362, 5367, 7510))

(Approved by the Office of Management and Budget under control numbers 1512-0216 and 1512-0298)

[T.D. ATF-299, 55 FR 24989, June 19, 1990, as amended by T.D. ATF-312, 56 FR 31082, July 9, 1991; T.D. ATF-338, 58 FR 19065, Apr. 12, 1993]

#### § 24.294 Destruction of wine.

(a) *General.* Wine on bonded wine premises may be destroyed on or off wine premises by the proprietor without payment of tax. A proprietor who desires to destroy wine on or off wine premises shall file with the area supervisor an application stating the kind, alcohol content, and approximate volume of wine to be destroyed, where the wine is to be destroyed, and the reason for destruction. Wine to be destroyed will be inspected and the destruction supervised by an ATF officer, unless the area supervisor authorizes the proprietor to destroy the wine without inspection and supervision. The wine may not be destroyed until the proprietor has received authority from the area supervisor.

(b) *Record of destruction.* The proprietor shall maintain a record of the volume destroyed and include the quantity on the ATF F 5120.17, Report of Bonded Wine Premises Operations. If part of the volume of the material destroyed is not wine, the volume destroyed will be reported on the basis of actual wine content of the material, excluding any dilution by water or other substance. (Sec. 201, Pub. L. 85-

859, 72 Stat. 1381, as amended (26 U.S.C. 5367, 5370))

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#### RETURN OF UNMERCHANTABLE WINE TO BOND

#### § 24.295 Return of unmerchantable wine to bond.

(a) *General.* Wine produced in the United States which has been taxpaid, removed from bonded wine premises, and subsequently determined to be unmerchantable may be returned to bonded wine premises for reconditioning, reformulation or destruction. The tax paid on United States wine may, when such wine is returned to bond, be refunded or credited, without interest, to the proprietor of the bonded wine premises to which such wine is delivered. However, no tax paid on any United States wine for which a claim has been or will be made under the provisions of 27 CFR Part 70, subpart G will be refunded or credited. If the tax on the United States wine has been determined but not paid, the person liable for the tax may, when such wine is returned to bond, be relieved of the liability. Claims for refund or credit, or relief from tax paid or determined on United States wine returned to bond are filed in accordance with § 24.66.

(b) *Receipt.* The quantity of unmerchantable taxpaid United States wine returned to bond is determined upon receipt on bonded wine premises. The quantity determined will be entered on the ATF F 5120.17, Report of Bonded Wine Premises Operations for the reporting period during which the United States wine is returned.

(c) *Records.* The proprietor shall maintain records covering each lot of unmerchantable taxpaid wine returned to bond in accordance with § 24.312. (Sec. 201, Pub. L. 85-859, 72 Stat. 1332,

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as amended, 1382, as amended (26 U.S.C. 5044, 5371))

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### TAXPAID WINE OPERATIONS

#### § 24.296 Taxpaid wine operations.

(a) *General.* The proprietor may conduct taxpaid wine operations authorized by § 24.102 in an area designated as a taxpaid wine premises at a bonded wine premises or at a taxpaid wine bottling house. Taxpaid foreign wine may be received on the taxpaid wine premises for reconditioning and removal without retaxpayment or for destruction without credit of tax. Any taxpaid wine operations will be separate from all nontaxpaid wine operations and taxpaid wine will be clearly identified as provided in § 24.135. The regional director (compliance) may require any additional segregation and identification of taxpaid wine operations as deemed necessary to protect the revenue.

(b) *Treatment and blending.* Taxpaid wine may be treated with sulfur dioxide compounds, refrigeration or pasteurization and may also be preserved, filtered or clarified by the use of methods or materials which will not change the basic character of the wine. Water may not be added to taxpaid wine. The proprietor who desires to treat wine in any manner (other than by simple filtration or the use of sulfur compounds, refrigeration or pasteurization) shall first file with the regional director (compliance) an application giving the details of the proposed treatment. The proprietor may not use the treatment prior to approval. The proprietor may incur civil or criminal liability for using an unauthorized treatment of untaxpaid wine. Wine of the same kind (class and type), national origin and tax class may only be mixed to facilitate handling at a taxpaid wine bottling house; otherwise, the blending of taxpaid wine on such premises is prohibited. Taxpaid wine of different na-

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tional origins, but of the same kind and tax class, may only be blended on taxpaid wine premises. (Sec. 201, Pub. L. 85-859, 72 Stat. 1407 (26 U.S.C. 5352, 5661))

### Subpart O—Records and Reports

#### § 24.300 General.

(a) *Records and reports.* A proprietor who conducts wine operations shall maintain wine transaction records and submit reports as required by this part. Transaction records may be recorded in wine gallons or in liters. However, required reports submitted to the regional director (compliance) will show wine volumes in wine gallons. The equivalent wine gallons of wine bottled or packed and labeled according to metric measure will be determined using the following conversion factors:

(1) *Per case.* Equivalent gallonage may be determined using the following conversion factors for cases of metric bottles:

Bottles per case	Net content each bottle	Equivalent gallonage
120	50 mL .....	1.58502
60	100 mL .....	1.58502
48	187 mL .....	2.37119
24	375 mL .....	2.37753
12	750 mL .....	2.37753
12	1 liter .....	3.17004
6	1.5 liter .....	2.37753
4	3 liter .....	3.17004

(2) *Per liter.* Equivalent gallonage may be determined by multiplying total liters by a conversion factor of 0.26417 gallons per liter.

(b) *Time of making entries.* Any operation or transaction is to be entered in records or commercial papers at the time the operation or transaction occurs, except that where records are posted from source records or from supplemental auxiliary records prepared at the time the operation or transaction occurs, entries in another record may be deferred to not later than the close of business of the third business day succeeding the day on which the operation or transaction occurs. The proprietor shall retain all source records and all supplemental or auxiliary records which support entries in other records or commercial papers in